

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 94-102-C - ORDER NO. 94-1145 ✓

OCTOBER 31, 1994

IN RE: Application of International Telemanagement)
Group, Inc. for a Certificate of Public) ORDER
Convenience and Necessity to Operate as a) APPROVING
Reseller of Intrastate Interexchange) CERTIFICATE
Telecommunications Services Within the State)
of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of International Telemanagement Group, Inc. (ITG or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1993) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed ITG to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of ITG's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. ITG complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer

Advocate). Southern Bell subsequently moved to withdraw its Intervention in this Docket and did not participate in the hearing on this matter. The Consumer Advocate filed a letter with the Commission confirming certain representations by ITG.¹ The Consumer Advocate agreed to withdraw based on ITG's compliance with the representations. Consequently, the Consumer Advocate did not appear at the hearing.

A hearing was commenced on September 21, 1994, at 10:30 a.m., in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. John F. Beach, Esquire, appeared on behalf of ITG; Gayle B. Nichols, Staff Counsel, represented the Commission Staff.

In support of its Application, ITG presented the testimony of Lois Berkte, Secretary of ITG and a shareholder of the corporation. Ms. Berkte explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a non-facilities based reseller. Ms. Berkte described the Company's services, its managerial, technological, and financial resources, and its marketing procedures.

Ms. Berkte further explained ITG's proposed debit card service. She stated this service would only be offered on a wholesale basis and that ITG would amend its tariff to clarify this service offering. Ms. Berkte explained that Commission-authorized resellers would be offering the debit card service to end users and that the reseller's name would appear on the debit card. Further, Ms. Berkte agreed that the wholesale debit cards would only be

1. See letter of September 16, 1994.

offered through Commission authorized interexchange carriers in South Carolina. Ms. Berkte requested that, due to the wholesale nature of ITG's debit card offering, the Company be excused from this Commission's bonding requirements for debit card providers.

After full consideration of the applicable law, the Company's Application, the evidence presented by the Company and the Commission Staff, and upon the agreements referred to by the Consumer Advocate's letter of September 16, 1994, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. ITG is incorporated under the laws of the State of Ohio, and ITG has received its Certificate of Authority to Transact Business as a Foreign Corporation in the State of South Carolina.

2. ITG operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. ITG has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to ITG to provide intrastate interLATA service and to originate and terminate toll traffic in the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Services (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for ITG for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. ITG shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. ITG shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. ITG is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if they so desire.

6. ITG shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If ITG changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and the termination of toll traffic in the same LATA, ITG shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

8. ITG shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.


9. ITG shall be allowed to offer its wholesale debit card service in accordance with the terms and agreements set forth in this Order.

10. Should ITG seek to provide its debit card service on a retail basis, it must first apply to the Commission for approval of the offering.

11. ITG shall file its revised tariff and accompanying price list reflecting the findings herein and its agreements within thirty (30) days of the date of this Order. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

12. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


CHAIRMAN

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).